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TR 1, page 71

To file EnVision benefits to produce the results for 2011

RESPONSE

EnVision Update for 2011

Overview

In compliance with the RP-2003-0203 Settlement Proposal, EGD has completed an analysis of the actual costs and benefits related to EnVision and have subsequently updated the projected costs and benefits. The costs and benefits have been summarized in Table 1 and generate a NPV of approximately \$44.2M.

Table 1: EnVision Cost & Benefits: Actuals 2003-2011, Forecast 2012 – 2014

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	FCT	FCT	FCT
<i>Accenture Fees</i>	6.1	21.8	21.4	13.7	12.8	13.2	13.2	9.5	8.1	8.6	8.7	2.2
<i>Gain Sharing</i>				1.5	1.8	2.3	2.2					
<i>IT Costs (O+M)</i>				0.8	1.1	1.3	1.1	1.2	1.2	1.2	1.2	0.3
<i>IT Costs (Capital)</i>				5.0	1.7	2.5	0.9	1.8	3.0	4.8	0.0	0.0
<i>Business Resources</i>	0.3	1.7	7.9	9.5	6.3	3.4	0.5	0.6	0.6	1.5	2.2	0.6
<i>Total Costs</i>	6.4	23.5	29.3	30.5	23.7	22.7	17.9	13.1	12.9	16.1	12.1	3.1
<i>Operations & Engineering Benefits</i>	0	-0.3	-9.3	-22.1	-32.8	-30.8	-28.5	-31.5	-28.6	-28.6	-28.6	-7.2
<i>IT Cost Savings</i>	-1.3	-2.2	-2.0	-3.6	-3.8	-3.8	-3.8	-3.8	-3.8	-3.8	-3.8	-0.9
<i>Total Benefits</i>	-1.3	-2.5	-11.3	-25.7	-36.6	-34.6	-32.3	-35.3	-32.4	-32.4	-32.4	-8.1
<i>Net Costs/Benefits</i>	5.1	21.0	18.0	4.8	-12.9	-11.9	-14.4	-22.2	-19.5	-16.3	-20.3	-5.0

Witness: M. Torriano

For the year 2011, the Budget and Actual Costs are provided in Table 2 and explained below.

Table 2: EnVision Cost Variances 2010 – 2011

	2010 BUDGET	2010 ACTUAL	2010 VARIANCE	2011 BUDGET	2011 ACTUAL	2011 VARIANCE
<i>Accenture Fees</i>	8.1	9.5	-1.4	6.8	8.1	-1.3
<i>Gain Sharing</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>IT Costs (O+M)</i>	1.0	1.2	-0.2	1.0	1.2	-0.2
<i>IT Costs (Capital)</i>	0.0	1.8	-1.8	0.0	3.0	-3.0
<i>Business Resources</i>	0.0	0.6	-0.6	0.0	0.6	-0.6
<i>Total Costs</i>	9.1	13.1	-4.0	7.8	12.9	-5.1

2010 Cost Variances to Budget (“BUD”)

Accenture Fees	(\$1.4M)	An adjustment for CPI and change orders
IT Costs (O+M)	(\$0.2M)	Higher wireless usage
IT Costs (Capital)	(\$1.8M)	System performance improvement, enhancements to realize business benefits
Business Resources	(\$0.6M)	Incremental Work Management Centre back office staff to maintain the flow of work levels was reduced to pre-Envision resource level. This was partially offset by resources to drive system and process improvements.

2011 Cost Variances to Budget (“BUD”)

Accenture Fees	(\$1.3M)	An adjustment for CPI and change orders
IT Costs (O+M)	(\$0.2M)	Higher wireless usage
IT Costs (Capital)	(\$3.0M)	Increased release management costs incremental to standard service hours
Business Resources	(\$0.6M)	Incremental Work Management Centre back office staff to maintain the flow of work levels was reduced to pre-Envision resource level. This was partially offset by resources to drive system and process improvements.

Witness: M. Torriano

The EnVision platform continues to perform at a sustainable level. Total costs associated with EnVison have been declining on an annual basis and project NPV is estimated at \$44.2M. Current and future efforts on EnVision now focus on maintaining system performance, process improvements and operational transformation initiatives.

In Summary, EGD has demonstrated that EnVision has been, and continues to be, a prudent investment in business transformation.

Witness: M. Torriano